



## Regulatory Circular 25-006

**Date:** March 31, 2025

**Exchanges:** Cboe Options and C2 Options

**Markets:** Options

**To:** Trading Permit Holders

**Re:** Amendments to Annual Supervision Report Requirements

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Cboe Options/C2 Options are issuing this Regulatory Circular to advise members that changes to Rule 8.16, *Supervision*, and Rule 9.2, *Supervision of Accounts*, that were made through Rule Filing [SR-CBOE-2025-015](#) (Release No. [34-102637](#)) have become effective and are now operative.<sup>1</sup>

The rule filing eliminates the requirements under those rules for a TPH to provide the respective Exchange with a written report on the TPH's supervision and compliance efforts during the prior year and on the adequacy of the TPH's ongoing compliance process and procedures by April 1 of each year. In lieu of submitting the report to the respective Exchange, it is to be submitted to the TPH's senior management on an annual basis, no later than one year from the previous year's certification. The report must be maintained in a place that is easily accessible and shall be provided to the respective Exchange upon request.<sup>2</sup>

Since the rule change is now operative, it is **not** necessary for TPHs to file their 2024 reports with the Exchanges this April 1st. This Regulatory Circular provides an overview of the rules. The full text of Rules 8.16 and 9.2, as amended, can also be accessed [here](#). For additional information, please refer to Rule Filing [SR-CBOE-2025-015](#) (Release No. [34-102637](#)).

### Rule 8.16 Supervision Report

Rule 8.16(g)(2) requires that **designated supervisory personnel submit to the TPH's senior management no less than annually**, a report detailing its system of supervisory controls, the summary of the test results and significant identified exceptions, and any additional or amended supervisory procedures created in response to these results.<sup>3</sup>

The report shall also include other information set out in Rule 8.16(g)(2). Such information includes (among other things) a certification signed by the TPH's CEO (or equivalent officer) of the processes that the TPH has in place. Those processes must be evidenced in a report reviewed by the CEO (or equivalent officer), Chief Compliance Officer and such other officers the TPH may deem necessary to make the certification, and submitted to the TPH's board of directors or audit committee (or equivalent

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<sup>1</sup> Rules 8.16 and 9.2 of the Cboe Options Rulebook are incorporated by reference into Chapters 8 and 9 of the C2 Options Rulebook. The Rulebooks are available [here](#).

<sup>2</sup> See Rules 8.16(g) and 9.2(g). Eliminating the requirement to file the annual supervision reports with the Exchanges in favor of maintaining them in an easily accessible place and providing them to the Exchanges upon request is consistent with the approach taken by other self-regulatory organizations with comparable rules. See, e.g., [FINRA Rule 3120\(a\)\(2\)](#) and [NYSE Rule 3120\(a\)\(2\)](#).

<sup>3</sup> Previously under Rule 8.16(g)(2) the report was to be filed with the respective Exchange by April 1st each year; the rule change eliminated this requirement. The rule change also makes clear that the report is to detail the TPH's system of supervisory controls, the summary of the test results and significant exceptions, and any additional or amended supervisory procedures created in response to the test results. The test results refer to the testing pursuant to Rule 8.16(g)(2)(D)(i)(c).

bodies) on an annual basis, no later than one year from the previous year's certification.<sup>4</sup>

Additionally, Rule 8.16(g)(3) provides that a TPH that specifically includes its options compliance program within an annual compliance review and written report that complies with substantially similar requirements of FINRA or any other self-regulatory organization will be deemed to have met the requirements of Rule 8.16(g).<sup>5</sup>

For a complete description of the report requirements and other information, please refer to Rule 8.16.

### Rule 9.2 Supervision Report

For each TPH that conducts a public customer options business, Rule 9.2(g) requires that **designated supervisory personnel submit to the TPH's senior management no less than annually**, a report detailing each TPH organization's system of supervisory controls, the summary of the test results and significant identified exceptions, and any additional or amended supervisory procedures created in response to these results.<sup>6</sup>

The report shall include the other information set out in Rule 9.2(g). Rule 9.2(h) also requires that each TPH submit, on an annual basis, a copy of the Rule 9.2(g) written report to its one or more control persons or, if the TPH has no control person, to the audit committee of its board of directors or its equivalent committee or group.<sup>7</sup> Please refer to paragraph (h) for the meaning of the term "control person" and requirements in the case of a control person that is an organization.

Additionally, Rule 9.2(g) provides that a TPH that conducts a public customer options business shall also specifically include its options compliance program in the report. Rule 9.2(g) also provides that a TPH that specifically includes its options compliance program in a report that complies with substantially similar requirements of FINRA or the NYSE will be deemed to have met the requirements of Rule 9.2(g) and (h).<sup>8</sup>

For a complete description of the report requirements and other information, please refer to Rule 9.2.

Please note that the requirements of Rules 8.16 and 9.2 differ in some respects. However, a TPH that is subject to both rules may complete a single report to satisfy the requirements, provided the report contains the information required by each rule.

### Additional Information

Any questions regarding this Regulatory Circular may be referred to Regulatory Interpretations at [RegInterps@cboe.com](mailto:RegInterps@cboe.com) or 312.786.8141.

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<sup>4</sup> Previously under Rule 8.16(g)(2)(D)(iii) the review of the report and its submission to the TPH's board of directors or audit committee (or equivalent bodies), was to be on or before April 1st of year; the rule change provides for this to be done on an annual basis, no later than one year from the previous year's report.

<sup>5</sup> Previously under Rule 8.16(g)(3) the report was to be submitted to the respective Exchange by April 1st of each year; the rule change eliminated this requirement.

<sup>6</sup> Previously under Rule 9.2(g) the report was to be filed with the respective Exchange by April 1st each year; the rule change eliminated this requirement. The rule change also makes clear that the report is to detail the TPH's system of supervisory controls, the summary of the test results and significant exceptions, and any additional or amended supervisory procedures created in response to the test results. The test results refer to the testing pursuant to Rule 9.2(c)(1).

<sup>7</sup> Previously under Rule 9.2(h) submission of the report to control persons was to be by April 1st of year; the rule change provides for this to be done on an annual basis.

<sup>8</sup> Previously under Rule 9.2(g) the report was to be submitted to the respective Exchange by April 1st of each year; the rule change eliminated this requirement.